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C O N S U L T A N T S

May 17, 2010

Beverly Buscemi, Ph.D.  
South Carolina Department of  
Disabilities and Special Needs  
Post Office Box 4706  
Columbia, South Carolina 29240

Dear Dr. Buscemi:

This letter is to follow up on the presentation to the Commission regarding the *Limited Scope Review of the Band Payment System, Qualified Provider Rates, Outlier Funding, and the Grant Application and Evaluation Process*. We appreciate the opportunity to have performed this review and offer suggestions for consideration to improve effectiveness and enhance accountability. We want to thank staff and representatives of the local Disabilities and Special Needs Boards, advocacy organizations, and consumers that provided input during the review process.

The findings and recommendations expressed in the final report are those of the authors and do not necessarily represent the position the Department of Disabilities and Special Needs. Overall, the major issues identified during the review related to the need to balance equity, transparency, efficiency, and flexibility. We believe the recommendations made will promote transparency and equity while maintaining an appropriate degree of flexibility and administrative efficiency.

While a number of the recommendations outlined in the report could be implemented in a relatively short time frame, other recommendations should be viewed as long term initiatives requiring significant planning and collaboration with stakeholders. It is our opinion that, with the exception of transitioning to a new assessment tool and process, the majority of the recommendations can be implemented without substantially increasing administrative costs and complexity.

We have briefly summarized below the potential impact of the recommendations made for each of the four areas addressed during this review.

***Band Payment System***

Replacing the current band payment system with a reimbursement methodology based on identified consumer needs rather than residential placement type and utilizing individual service components could be implemented in a short period of time and without additional funding. This recommendation would promote greater transparency and equity while creating a payment system that is easier to understand.

Additionally, moving to a tiered waiver approach could be accomplished without additional funding and would afford a greater degree of transparency and accountability. However, transitioning to a tiered

waiver model is viewed as a long-term goal requiring significant planning and collaboration with stakeholders.

While restructuring the current band system to enhance transparency and accountability should be given high priority, just as important is the process to assess individual needs for the purpose of person-centered planning and budgeting. Implementing a nationally recognized, standardized assessment instrument to be administered by qualified independent examiners will require significant additional funding/resources, as well as considerable planning and input from stakeholders. However, we believe transitioning to such a system will promote a more equitable and transparent system of funding for consumers and should be considered as a long-term goal.

#### *Sample Cost Information to Implement the Supports Intensity Scale (SIS)*

North Carolina was contacted to ascertain SIS implementation costs. North Carolina chose to pilot the SIS and is now moving toward state-wide use. The following information was provided regarding implementation costs:

##### Personnel

Funding for salary, benefits, travel, and other administrative support for one full time position has been dedicated to support overall state coordination efforts. The role of the SIS Coordinator includes training and education, recruitment and training of SIS examiners, data management, policy development, and participation in other division initiatives related to SIS. This position requires state-wide travel.

##### American Association of Intellectual and Developmental Disabilities (AAIDD)

SIS assessments are purchased from AAIDD. Additionally, North Carolina uses the AAIDD database. They have a contractual arrangement with AAIDD. Projected costs are outlined below:

- ⇒ User Fees (each examiner must be a user): \$172
- ⇒ Assessment Fee: \$11.91 for each assessment
- ⇒ AAIDD training as needed: \$2,000 per day

##### Other Partners

Local management entities must dedicate time and resources to assist with education and coordination of use of the SIS in local areas. Efforts are to increase awareness of individuals and family members about the SIS and to provide ongoing communication with case management service providers.

##### Examiners

Qualified examiners may enroll as a Medicaid provider and bill the established Medicaid rate for administering the SIS.

#### *Qualified Provider Rates*

Replacing the existing band system with a methodology outlined above should address some of the equity issues between the capitated payment system and the QPL rates. Policy clarification and education regarding the rate setting methodology could be implemented quickly and would address transparency and equity issues. Moving QPL providers to a prospective payment methodology that is fully aligned

with the Disabilities and Special Needs Boards should be viewed as a long-term initiative based on cash flow issues.

### ***Outlier Funding***

Establishing a formal review team and process to evaluate funding requests and convening a committee of stakeholders to explore alternative solutions to decrease reliance on outlier payments can be implemented immediately without additional funding. Implementing this recommendation will enhance transparency and equity and promote consistency in the decision making process.

### ***Grant Application and Award Process***

Establishing a more formal and objective application and award process for capital and special project grants can be implemented in a short period of time and does not require increased funding to implement. Implementing the recommendations outlined in the report should enhance transparency, equity, and improve administrative efficiency for the Department.

We hope that the findings and recommendations outlined in this report will be useful to the Department in strategic planning efforts to promote its mission in providing quality services to individuals with disabilities and their families.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Kerr', with a stylized flourish extending to the right.

Robert M. Kerr